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Kernan Announces Best Export Quarter Numbers in Indiana History, New Foreign Trade Office in Australia

INDIANAPOLIS — Indiana is securing its status as one of the nation's strongest exporters, as evidenced by two announcements made this morning.

Lt. Governor Joe Kernan today said that Indiana's exports soared to record levels in 2002's second quarter, reaching an all-time single quarter high of \$3.99 billion and pushing the state's ranking as an exporter from 14th to 12th nationally.

In addition, Kernan announced that Indiana will open its 14th foreign trade office in Sydney, Australia on Oct. 1, 2002.

"Indiana products are competitive in markets throughout the world, as this quarter's record-setting performance proves," said Kernan, who serves as director of the Indiana Department of Commerce. "And as excited as we are about these numbers, we know that we cannot rest on our laurels. That's why we are continuing our aggressive efforts to open new international markets to Hoosier businesses."

The new foreign trade office will serve New Zealand as well as Australia, which is one of the state's ten largest trading partners. Office staff will assist Hoosier businesses by providing market research, agent and distributor searches, access to special events and trade shows as well as a variety of logistical and regulatory assistance.

Indiana currently operates trade offices in Argentina, Brazil, Canada, Chile, China, Israel, Japan, Korea, Mexico, the Netherlands, Singapore, South Africa and Taiwan. The state also maintains a trading relationship with India through its Indiana India Initiative (IN³).

"Indiana companies make the goods the world wants, and we are confident that having an office presence in Australia will enable us to boost our trade relationships with importers in that market," added Kernan. "In 2001, Indiana exported \$235 million in goods to Australia. While that number is strong, we expect to see it grow significantly in the future, which will contribute to our position as one of the country's largest exporters."

Indiana's export performance in the second quarter of 2002 bested its previous single-quarter record – \$3.96 billion – set in the first quarter of 2000. Second quarter exports grew by \$491 million over first quarter numbers, representing an annualized growth rate of 56 percent. The second quarter numbers mark the third consecutive quarter of export growth for Indiana.

The state's annualized rate increase was the highest for all of the top 20 exporting states. Other Midwestern states saw export gains as well: In annualized terms, Michigan second quarter exports grew 53.6 percent over the first quarter, Kentucky grew 48.3 percent, Ohio 36.8 percent and Illinois 33.8 percent.

The second quarter export numbers were released in The New Quarterly Indiana Export Report issued by the Global Business Information Network and the Center for International Business Education and Research at the IU Kelley School of Business.

"After achieving terrific export numbers at the beginning of 2000, Indiana's performance in the international market declined slightly for several quarters," said Larry Davidson, professor of Business Economics and Public Policy at the IU Kelley School of Business. "We've now experienced three consecutive quarters of growth. While Indiana's numbers traditionally drop in the third quarter of the year, our state's exporters have every reason to feel confident about their future prospects in the international arena."

In the second quarter, Canada maintained its position as the state's largest export partner, purchasing nearly \$1.9 billion in goods, or half of Indiana's exports. Mexico's share remained stable at 13 percent or \$516 million. Exports to the United Kingdom, Japan, France, Germany, the Netherlands, Singapore and the Korean Republic increased slightly.

Industries with the strongest growth in the past quarter were Vehicles, which grew by \$177 million; Electrical Machinery, which increased \$53 million; Pharmaceuticals, with growth of \$52 million; and Organic Chemicals, which grew by \$43 million. Other top 10 industry sectors that saw substantial growth were Rubber, Plastics and Miscellaneous Chemicals. None of the state's top 10 export industries experienced a decline from the first quarter to the second.

A complete list of Indiana's top 10 export markets and industries for the second quarter of 2002 is attached.

In addition to containing details about this quarter's export numbers, The New Quarterly Indiana Export Report features an in-depth discussion of immigration in the state titled "Immigration in Indiana: Bane or Boon?" The full report is available online at www.indianacommerce.com/publications/NewQuarterlyExportReport.

For further information about Indiana's exports, contact the Indiana Department of Commerce's International Trade Division at 317.233.3762 or the report's author, Larry Davidson, at the IU Kelley School of Business at 812.855.2773.

INDIANA'S TOP 10 EXPORT INDUSTRIES, SECOND QUARTER 2002

<i>Product</i>	<u>2002:2 exports</u> (\$ millions)	<u>2001:2 exports</u> (\$ millions)	<u>Percentage change</u>
1. Vehicles, not railway	1,183	1,136	+4.11
2. Machinery	801	752	+6.61
3. Electrical Machinery	365	324	+12.69
4. Optical/Medical Instruments	252	227	+10.84
5. Organic Chemicals	243	230	+5.79
6. Plastic	161	170	-4.77
7. Misc. Chemical Products	159	111	+43.08
8. Pharmaceutical Products	133	120	+10.80
9. Iron/Steel Products	56	53	+4.62
10. Rubber	53	59	-9.35

INDIANA'S TOP 10 MARKET DESTINATIONS, SECOND QUARTER 2002

<i>Country</i>	<u>2002:2 exports</u> (\$ millions)	<u>2001:2 exports</u> (\$ millions)	<u>Percentage change</u>
1. Canada	1,852	1,727	+7.25
2. Mexico	516	430	+19.90
3. United Kingdom	276	250	+10.65
4. Japan	195	184	+5.88
5. France	187	162	+15.74
6. Germany	128	146	-12.49
7. Netherlands	91	78	+16.71
8. Singapore	77	55	+41.29
9. Korean Republic	66	58	+12.73
10. Australia	52	48	+9.16

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